Independent Forestry Panel

Public submission

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"Growing Trees, Growing Timber, Growing Communities"

11 October 2024

Dear Panel members,

RE: Submission to the Independent Forestry Panel for the development of the NSW Forest Industry Action Plan

Thank you for the opportunity for the Softwoods Working Group (SWG) to provide this submission to the Independent Forest Panel's review of the sustainable future of the forest industry.

The NSW Government is seeking feedback from industry stakeholders on *"the best options to achieve the balance between sustainable supplies of timber and NSW's environmental commitments, ahead of the NSW Government developing its Forestry Industry Action Plan.*"

The Softwoods Working Group (SWG) represents the plantation-based forest and wood products sector in the South West Slopes of NSW and the local government areas that support it. The South West Slopes region is home to 125,000 ha of sustainably managed and internationally certified *Pinus radiata* plantations which support the largest concentration of timber processing capacity in Australia. The region's softwood plantation industry is a major contributor to the regional economy employing more than 5,500 regional jobs and contributing nearly $2.3b to the economy (See table 1 in appendix A).

In the past 18 years more than 45% of the plantation estate in the South West Slopes region has been damaged by fire (see appendix C for further details). Most recently, the 2019-2020 Black Summer fires resulted in catastrophic losses to the plantation estate, and this has created a significant challenge for future availability of fibre resource.

In the face of this significant hurdle, the region's wood processing sector has demonstrated considerable resilience and commitment to continued investment in manufacturing capacity, subject to the sustainable availability of competitive plantation timber feedstock to support and justify that investment. There is a material opportunity for the NSW Government to work closely with the region's plantation forest and wood products sector to grow and thrive, through policy and investment support. (See table 2, appendix D).

[redacted]

In this context, the NSW Government is presented with a unique opportunity to develop a bold and forward-looking action plan that will support manufacturing capability, prosperous regions and a climate smart future for NSW through active support for this demonstrably sustainable sector. The SWG encourages the Government to embrace and support the growth of the region's world-class sustainable, low-carbon, value generating forest and wood products sector, with a strong focus on the opportunities presented for industry consolidation and growth in the South West Slopes.

To achieve that the SWG is keen to work with Independent Forestry Panel in developing the Forest Industry Action Plan (FIAP). Our members have identified the following critical priorities which, if addressed, will support the forest and wood products sector in the South West Slopes in delivering the genuine opportunities available:

1. Grow the Resource: the industry aims to increase the region's production of sustainable wood products to support increased housing construction and manufacture of sustainable packaging. An increase in the local estate of 78,000ha over 10-15 years will result in a step change for investment and both physical and economic output.
2. Address barriers to investment and productivity: known risks to investment and productivity can be addressed through careful planning and delivery of policy, legislation and improved land management outcomes (such as improved management of pests, weeds and fire). Addressing these issues will provide improved investment certainty and make the region a more attractive destination for capital.
3. Efficient supply chain and processing: manufacturing demand in the region requires the transport and processing of large volumes of wood fibre. Regulatory and infrastructure barriers to improved efficiencies must be addressed so that the forest and wood products sector can attract investment and drive economic growth in the South West Slopes.
4. Prosperous and skilled regions: The region's softwood industry is supported by small regional communities. A plan that encourages investment in these regions to attract and upskill workers is essential in meeting the opportunities of a growing industry.

The SWG has consulted directly with its members to identify and expand on short, medium and long-term solutions to address these four key development themes, as detailed below.

Grow the Resource

The South West Slopes of NSW has the capacity to support an expanded sustainable timber industry and assist the NSW Government in meeting its commitment to the National Housing Accord[1].

[1] Housing targets | Planning (nsw.gov.au)

Expansion of the local plantation estate by 78,000ha would provide a pathway for existing regional processors to increase production up to current processing capacity (refer appendix D, Table 2). This step alone would provide sufficient timber to support a long-term increase in timber availability for construction of an additional 15,000+ houses each year (based on maturity of the planting of all 78,000ha).

Plantation expansion in the South West Slopes will contribute significantly to the NSW Government's legislated emissions reduction commitments (50% on 2005 levels by 2030[2]), as well as to future documented commitments. The proposed expansion of 78,000ha would sequester an estimated 27.2million tonnes of CO_2e from the atmosphere, making 27.2million Australian Carbon Credit Units (ACCUs) available in the market. Increased use of wood in the built environment and replacement of plastic packaging with paper and cardboard alternatives provide additional and considerable opportunity for lower emissions.

The FIAP will ideally present policy settings and practical steps to increase potential investment and deliver regional development goals, consistent with those outlined below.

Short-term (0-3 years)

- Deliver a courageous Forest Industry Action Plan that increases sovereign timber production capacity outcomes, strengthens the industry and economy for the South West Slopes and recognises the value of productive forests to New South Wales.
- Establish of a committee to review the feasibility of Strategic Plantation Establishment Zones (SPEZ) to encourage investment in new plantations in strategic locations. The NSW Murray and South West Slopes is an optimal location to test the effectiveness of the proposed SPEZs. See appendix E – *Consideration of Strategic Plantation Establishment Zones (SPEZ) in Regional NSW.*
- Formally recognise the role of forestry to address climate change concerns and underpin the lower emissions future for NSW in *The Net Zero Plan Stage 1: 2020-2030*[3].
- Consider expanding the role of the Department of Primary Industries and Regional Development to attract plantation investment in the regions of NSW.
- Identify (through the SPEZ) the support mechanisms required for new investment in plantations over a sustainable period.
- Develop and adopt a NSW Timber First Policy
- Commit to dedicated research and development resources into better production and quality outcomes for softwoods in NSW

Medium-term (3-20 years)

- Implement investment support mechanisms for sustainable plantation growth within the SPEZ.

[2] Reaching net zero emissions | NSW Climate and Energy Action

[3] Net Zero Plan | NSW Climate and Energy Action

- Explore the opportunity for NSW Regional Forest Investment Hubs which will aim to attract investment with a community engagement focus.
- Ensure the FIAP has a 'check-back' mechanism to monitor against forecast opportunities for growth.

Long-term (20+ years)

- Implement a strategic 'whole of landscape' approach to determine the best and most appropriate use of land. The Strategic Plantation Establishment Zones (SPEZ) would inform this next step.

Address Barriers to Investment

Softwood plantations represent a long-term investment of at least 30 years before material returns are realised. Any risks which manifest during this period will be detrimental to maintaining the size of the estate in its current form and will hinder manufacturing certainty and capability.

Identified risks to the fibre supply certainty include:

- Climate – such as fire and drought impacts.
- Invasive species – such as weeds and pests.
- Regulation – changes to legislation or the interpretation of legislation.
- Market – demand variability.
- Land change – encroachment of other land uses such as transmission lines and renewable energy projects.

Some examples of resource security risk have been expanded further here.

Climate

The effect of climate change on the softwood estate in the South West Slopes is highly variable. Recent work completed by PF Olsen[4] and the Murray Region Forestry Hub[5] (MRFH), suggests under the most likely climate scenario of Representative Concentration Pathways (RCP) 4.5, there are still opportunities for large areas of new plantations within the region, but the region will experience more 'bad days' where there are instances of extreme temperatures and conditions.

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[4] Plantation Land Suitability Analysis (murrayregionforestryhub.com.au)

[5] MURR-2024-022a-Risk-Management-Climate-Change-for-Plantation-Establishment-final-compressed.pdf (murrayregionforestryhub.com.au)

Invasive species

Improved control of invasive weeds and pests provides a material opportunity to improve productivity from the existing estate and increase the volume of future fibre available. A recent report by the MRFH suggests that blackberry infestations in plantations can reduce the growth of radiata pine by as much as 17% (reduction in mean annual increment from $18m^3$ha/yr to $15m^3$/ha/yr). Successfully managing blackberry infestations in the softwood plantation of the South West Slopes could deliver a direct cost saving and improved production of $41.93million/year[6]. Indirect impacts to the regional economy, considering downstream processing losses and additional costs are estimated at up to $306million/year.

The SWG has identified actions that can provide improved security to existing investments and reduce risk to future investment growth, as outlined below.

Short-term (0-3 years)

- Provide security of investment, including the *right to harvest* through the regulatory framework, including the *Plantations and Reafforestation Act 1999*[7] and *Plantations and Reafforestation (Code) Regulation 2001*[8].
- Establish of a committee to review the feasibility of Strategic Plantation Establishment Zones (SPEZ) – which aim to funnel funding and infrastructure for the protection of existing plantations and drive investment in new plantations in strategically relevant zones.
- Develop and adopt a NSW Timber First Policy.
- Invest in regional fire infrastructure and support the establishment of a coordinated approach such as the *Murray Region Fire Collaboration* (attached to this submission).
- Consider a role for trained and paid regional fire fighters to support a reducing volunteer base.
- Consider the work completed by the MRFH on invasive Blackberry species and implement broadscale research and development for eventual eradication of significant weeds and pests.

Medium-term (3-20 years)

- Implement the outcomes of the SPEZ within trial regions to be rolled out more broadly where appropriate.
- Ensure changes to legislation are achieving investor confidence outcomes as well as forest stewardship via the use of a 'check back' mechanism.
- Continue research and investment in invasive weed and pest control and eradication measures.

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[6] MURR-2022-016b Assessment of Costs imposed by Blackberry Infestation (case study in the Murray Region Forestry Hub) September 2024.

[7] Plantations and Reafforestation Act 1999 No 97 - NSW Legislation

[8] Plantations and Reafforestation (Code) Regulation 2001 - NSW Legislation

- Maintain investment in fire prevention, detection and suppression through the support of the Murray Region Fire Collaboration as well as other regionally relevant locations.

Long-term (20+ years)

- Monitor the impacts of climate change on the softwood plantation estate.
- Ensure the FIAP has ‘check-back’ mechanisms to ensure it is contemporary in meeting the needs for sustainable wood supply and risk reduction.

Efficient supply chains and processing

Approximately 3.2 million tonnes of softwood is transported within, and to the region to support the processing capacity of the mills. As a result of the 2019-2020 fires, a much higher percentage of fibre is being imported from other regions up to 850km from the processing destinations located at Tumut and Tumbarumba. In the medium term this is not financially feasible or desirable. Presently, the processors in the SWS are importing fibre from five (5) National Plantation Inventory (NPI) regions.

To support efficient processing and maximise regional employment opportunities, it is imperative that manufacturers can access wood fibre as closely as possible to the processing facility. Generally, fibre transport leads of less than 150km are most desirable in the current manufacturing environment within Australia.

The SWG has identified opportunities to support improved infrastructure and supply chain efficiencies within the region, for consideration in developing the Forest Industry Action Plan.

Short-term (0-3 years)

- Consider the opportunities to support longer distance wood transport to provide structural timber to build NSW houses.
- Consider and implement the recommendations from the *Future Infrastructure Needs Assessment Report*, currently being completed by the Murray Region Forestry Hub.
- Develop a collaborative model with all levels of government and agencies to facilitate the recommendations from the *Future Infrastructure Needs Assessment Report.*

Medium-term (3-20 years)

- Implement the recommendations from the *Future Infrastructure Needs Assessment Report* for better industry efficiency and community safety. Implementation will support a broad suite of regional industry and therefore regional progression.
- Investigate the opportunities for a centralised processing facility for best practice fibre use.

- Encourage the continual investment in technology to more effectively process wood fibre.

Long-term (20+ years)

- Implement a strategic, regional fibre processing facility with the opportunity to co-locate infrastructure, generate effective product distribution and reduce energy consumption and emissions.

Prosperous and skilled regions

The South West Slopes softwood plantation and wood processing industry supports 5,522 full time (FTE) roles (University of Canberra[9]). The forest and wood products sector generally operates in rural and regional areas and is a major contributor to regional economic activity and, importantly, to household income in the South West Slopes.

Despite the employment opportunities offered by the industry, South West Slopes forestry sector employers experience major challenges in attracting and retaining skilled and semi-skilled workers. More broadly, the region is challenged with retaining essential support services (such as teachers, doctors, day care providers and other essential services).

The FIAP can meaningfully enhance current and future opportunities to support regional, prosperity and skills development in the South West Slopes.

Short-term (0-3 years)

- Develop a Forest Industry Action Plan that commits to skills development within the regions and the industry through a documented industry engagement strategy.
- Recognise the critical role of forest contracting business in the prevention and suppression of bushfire and provision of free best practice fire-fighting skill sets to industry workers in order to encourage a larger volunteer fire-fighting resource.
- Develop a regionally specific holistic workforce attraction strategy.

Medium-term (3-20 years)

- Review the opportunity for a forestry, timber processing and fire prevention Centre of Excellence in regional NSW.
- Implement the recommendations from the regional attraction strategies.
- Continue to review the skills requirements of the regions especially as it relates to forestry.

[9] MRFH-Socio-economic-impacts-of-the-softwood-plantation-industry-Examining-a-post-bushfire-salvage-period.pdf (murrayregionforestryhub.com.au)

Long-term (20+ years)

- Continue to review the skills requirements of the regions especially as it relates to forestry.
- Ensure the Forest Industry Action Plan is delivering on its skills and regional commitments via a ‘check-back’ mechanism.

Summary

The softwood plantation-based forest and wood products sector in the South West Slopes of New South Wales represents the largest concentration of timber growing and advanced timber manufacturing in Australia. The sector faces some considerable challenges, particularly following the devastating impacts of the 2019/20 fires and consequent damage to plantations.

However, the region’s industry is resilient and has a long history demonstrating economic and regional development initiative and innovation, as well as working constructively with all levels of Government to improve regional and state level social, economic and environmental outcomes.

The Softwoods Working Group, representing the region’s forest growers and wood products manufacturers, looks forward to working with the Independent Forestry Panel to develop and implement sustainable policy solutions that highlight the positive contribution of the forest and wood products sector to a growing and vibrant New South Wales community and economy. Our submission highlights areas where we are confident that industry and Government can collaborate to deliver exceptional outcomes.

Yours sincerely,

[redacted]

Carlie Porteous
Executive Officer

Yours sincerely,

[redacted]

Peter Crowe, OAM
Chair

Appendix A - About our Contributing Members

Associated Kiln Dryers (AKD): AKD is Australia's largest producer of sawn softwood products including structural timber for housing construction. AKD NSW currently processes more than 300,000m^3 of softwood sawlog annually. However, it has the current capacity to process up to 550,000m^3. AKD NSW also owns and manages 700 ha of softwood plantation in the South West Slopes of NSW. The AKD sawmill in Tumut and the Gilmore storage and logistics site employ approximately 190 staff within the region.

Hyne Timber: The Hyne Timber Mill is located in the small regional township of Tumbarumba and produces structural timber products for the housing industry as well as sawmill residues used for energy and feedstock by other processing facilities in the region including Visy Pulp and Paper and XLam. The mill employs 200 people and currently processes 490,000m^3 of softwood sawlogs annually but has the capacity to process 650,000m^3.

Southern Cross Forests (SCF): a privately owned forest management organisation based in NSW with a primary focus on the sustainable supply of Radiata Pine to regional domestic processors such as Hyne, Associated Dryers (AKD), Visy and Dongwha. The Group manages more than 47,000ha of softwood plantation and supplies more than 400,000m^3 of logs to regional processors annually.

Visy Pulp and Paper: Visy Pulp and Paper is the only pulp and paper mill within the region. It employs more than 320 direct employees at the Tumut site. The mill manufactures 700,000t annually of kraft liner board used for sustainably produced cardboard packaging products. The Tumut facility procures more than 2 million tonnes of wood fibre annually and is a critical supplier to manufacturers of carboard products within Australia, especially for fresh produce and Australian made goods.

Appendix B - About the Softwoods Working Group and Socio-Economic contribution

The Softwoods Working Group (SWG) has existed since 1987 and provides a valuable interface between the softwood plantation growers, processors, State government agencies and Local government in the South West Slopes (SWS) of NSW. The SWG is governed by an expert Committee comprised of forest and wood products industry experts with skills in long-term planning from across the supply chain. Its members include:

- Regional Development Australia (Riverina and Murray)
- Department of Regional NSW
- Forestry Corporation of NSW
- Transport for NSW
- Albury City Council
- Cootamundra-Gundagai Regional Council
- Greater Hume Council
- Snowy Valleys Council
- AKD NSW
- Southern Cross Forests
- Hyne Timber
- Visy Industries

The industry within the South West Slopes of NSW is a significant contributors to the NSW economy (University of Canberra[10]) as shown in Table 1.

Table 1: Socio-economic contribution of the softwoods industry within the South West Slopes of NSW

Output	Direct	$1,080m
	Total	$2,287m
Gross State Product	Direct	$495m
	Total	$1,104m
Household Income	Direct	$199m
	Total	$542m
Employment	Direct	1,274
	Total	5,522

[10] MRFH-Socio-economic-impacts-of-the-softwood-plantation-industry-Examining-a-post-bushfire-salvage-period.pdf (murrayregionforestryhub.com.au)

Appendix C - Softwoods in the South West Slopes

The softwood plantation estate in the SWS of NSW comprises approximately 125,000ha of Radiata Pine. The estate generally requires a 30-year rotation to produce high quality sawlogs for structural timber. Additionally, pulp logs are utilised within the region for the manufacture of sustainable paper and cardboard products. By-products are also utilised for energy generation and garden products.

The plantation industry in NSW is well managed and sustainable. The softwood estate in NSW is comprehensively regulated under the *Plantations and Reafforestation Act 1999 and the Plantation and Reafforestation (Code) Regulation 2001*. At least 95% (FCNSW[11], Hume Forests[12] and Southern Cross Forests[13]) of the managed softwood estate in NSW is also independently certified to either the Responsible Wood or Forest Stewardship Council certifications.

Unfortunately, the softwood plantation estate within the SWS of NSW has been in decline for some time despite the consistent and substantial market opportunities presented by local processors. Since 2003 the estate within this region has contracted by 5,300ha[14].

As a result of fires (see appendix D) and general plantation decline, the processors in the region are required to access more distant wood fibre from areas such as Bombala, Braidwood, Oberon (Central West) and Northern Victoria. Additionally, structural timber from Walcha is being processed in the SWS. Historically wood fibre as far as South Australia has also been procured to meet local processing demand and manufacturing capacity.

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[11] Forestry Corporation - NSW State forest estate

[12] Hume Forests

[13] Southern Cross Forests

[14] https://www.agriculture.gov.au/sites/default/files/documents/australias-plantations-2020-21.zip

Appendix D - Impact of the Fires

In 2019/20 large scale bushfires of unprecedented scale devastated the SWS forest estate, affecting entire communities, businesses and the forest industry within the region. Approximately 44,000 ha of softwood plantation in NSW and 6,000 ha in Northeast Victoria was burnt, equivalent to around 30% of the local wood fibre resource.

In addition to the recent 2019/2020 fires, other significant fires such as the Billo Road fire in 2006 (8500ha) and the Minnimbah fire in 2014 (4,500ha) burnt a combined area of the softwood resource of 13,000ha. When combined with fires in North East Victoria, which supply the processors in the SWS of NSW, and other smaller fire losses within the regional supply area (~9,500ha), more than 45% of the softwood estate has been destroyed in the past 18 years.

These losses have and will continue to have a significant economic impact on the region as the supply of logs has reached critical minimum thresholds to support the post fire reduction in the activity of the regions that support wood fibre processing industries.

All members of the SWG were significantly affected by the bushfires of 2019 and 2020. The current processing capacity of the sawmills within the region are significantly below their operational capacity. Additionally, further expansion of manufacturing and processing opportunity may be compromised. These differences are reflected in Table 2.

Table 2: Aggregated current softwood processing volumes compared to operational capacity and aspirational processing commitments

Current	Capacity	Aspirational
2.696 million m3/tonnes	3.400million m3/tonnes	4.3 million m3/tonnes

Appendix E - Consideration of Strategic Plantation Establishment Zones (SPEZ) in Regional NSW

SUMMARY

The plantation estate across NSW

The forestry industry contributes more than $3.3b to the NSW economy and employs more than 19,000 (FTE) workers[15]. The plantation sector in the regions of Central West NSW and MRFH contribute a combined total value of output of more than $3.0b.

Investment and demand for softwood plantation within NSW

The softwood industry in NSW is committed to assisting the state Government in meeting its commitment to the National Housing Accord[16] of 377,000 new, well-located houses by 2029. Demand for structural timber, wood residues for engineered wood products and pulp and paper manufacturing will only increase as the Government aims to fulfill its housing commitment and make steps towards a low emissions future.

There is existing substantial investment in NSW to support the growing opportunities for wood processing in NSW. Further investment is guaranteed provided there is access to additional local softwood fibre.

Identified land use opportunities

NSW has large areas of identified suitable and capable land for the purpose of plantation expansion. Within the boundaries of the Regional Forestry Hub of the Murray Region and Central West, more than 295,000ha (CWFH[17] and MRFH[18]) have been identified as currently highly suitable and available to support the establishment of greenfield plantation softwood. This would support critical industries and regional economic activity and growth within these regions.

STRATEGIC PLANTATION EXPANSION ZONES

Strategic Plantation Expansion Zones (SPEZs) would aim to underpin existing investment in softwood processing within NSW and provide investment confidence for future processing expansion. It would prioritise expansion in strategically relevant and suitable areas to maintain competitive advantage for manufacturing activities by ensuring the product is close to market and has the required infrastructure and other services to support its success.

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15 Forestry (nsw.gov.au)

16 Housing targets | Planning (nsw.gov.au)

17 CWFH003_Final_Report_20220222.pdf

18 Plantation Land Suitability Analysis (murrayregionforestryhub.com.au)

The SPEZ concept

The Strategic Planation Expansion Zones (SPEZs) aim to encourage, prioritise and support the sustainable expansion of plantations within NSW. The zones aim to provide greater certainty to investors and the community through the following initiatives:

- Streamlined and prioritised planning approval pathways within SPEZ boundaries
- Regulatory frameworks to support best practice, low-risk forest management activities with guaranteed harvest provisions
- Prioritised infrastructure to support existing and new investment
- Support for community and stakeholders including training and skills prioritisation and funding

The zones will be well considered regional boundaries where plantation expansion is supported through strong community engagement and acceptance, careful planning and approvals processes and existing infrastructure, well established markets with long-term vision and demand, low-risk support system focus (such as weeds and bushfire), and a streamlined process for encouraging both domestic and international investment. The establishment of plantations in these zones will be required to meet best practice environmental outcomes.

The SPEZ locations will be carefully considered after a process of engagement with communities, industry, land holders, policy makers and all levels of government. The SPEZ’s will aim to ensure that strategic land use considerations are part of the framework, and that high rainfall and high yield areas are used for the best outcome for the region and the broader NSW economy.

Previous examples of zone success

Existing example of similar models to secure capital investment and confidence already exist in NSW. These include:

Renewable Energy Zones
Special Activation Precincts
NSW Land Based Sustainable Aquaculture Strategy

Opportunity

The Softwoods Working Group requests the NSW Government establish a committee to consider the opportunity for the Strategic Plantation Establishment Zones to guarantee processing competitive advantage and build investment confidence.